

Standing Offer Agreements

PW&S establishes *Standing Offer Agreements* (SOA) for common use services and products for use by all departments and agencies of the GNWT. The following information is provided to guide the user in understanding the SOA process.

SOA Contracts

Standing Offer Agreements or *SOA's* are not contracts. They are pricing agreements that the government makes with suppliers or contractors covering anticipated requirements over a defined period of time. They may be used in contracting for goods or services. There is no legal obligation incurred.

Definition

The *Financial Administration Manual*, Directive 808-4 provides the following definition of Standing Offer Agreement:

“A *Standing Offer Agreement* means a price agreement between the Government and a supplier, wherein the supplier agrees to provide, on demand, specified goods or services under specified conditions during a set period at a defined price or discount structure.”

Purpose

Standing Offer Agreements are intended to increase the level of cost-effectiveness and service to users, by:

- reducing the time required to acquire standard goods or services;
- reducing the overall administrative costs of acquiring low cost, frequently required goods and services;

- maintaining competitive, best price expenditures.

With respect to goods contracting, *Standing Offers* provide the opportunity to establish, through the tender process, pricing agreements that will offer lower costs for frequently-required goods, through the consolidation of demand. This is also known as achieving ‘economies of scale’.

Standing Offers may also be used to establish anticipated volume discounts for program managers using *Local Contract Authority (LCA)* forms.

Commitment of Funds

As *Standing Offers* **do not contain legal obligations** to contract for all or any of the goods or services, they are **not considered to be contracts**. Consequently, there is no requirement for the commitment of funds until individual contracts are made under the terms and conditions contained in the *Standing Offer Agreement*.

Contracting Methods

Establishing Standing Offer Agreements

The establishment of *Standing Offer Agreements* should result from a clearly defined need. Where such agreements are requested by program managers, there should be prior discussions establishing the scope of the requirement and a commitment from the department or departments to use the agreement.

Unless you are faced with a sole source situation, *Standing Offers* should be entered into only after competitive tendering in accordance with *FAM Directive 808-4*. You should incorporate an estimate of the amount of work or goods into the tender documents. The anticipated volume or commitment will likely result in more favourable pricing being offered.

In certain circumstances, it may be impractical to have a *Standing Offer* for certain requirements exclusively with only one business. In such cases, the tender document should clearly indicate that the resulting *Standing Offer Agreement* will be non-exclusive.

In such cases, every effort should be made to contract first with the business offering the lowest price.

It is recommended that any contracts resulting from a non-exclusive *Standing Offer Agreement* be limited to \$1,000.

Ordering the Work/Goods

Some of the methods that may be used to issue contracts issued against *Standing Offer Agreements* include:

- Verbally
- Purchase Order
- Local Contract Authority
- Service Contract
- Corporate Purchase Credit Card
- PW&S Work Order

Listing of Standing Offer Agreements

Public Works & Services currently arrange a wide range of Standing Offers Agreements. Information regarding these agreements may be obtained from your local PW&S regional office or from the following web site:

<http://www.pws.gov.nt.ca/procurement/soa.htm>

Standing Offer Agreement Templates

Standard templates have been developed for the tendering and establishment of Standing Offer Agreements. These templates can be located on the PW&S Electronic Forms web page.